

B.D. SHOGER
AND ASSOCIATES

*APPLYING
EXPERIENCE AND
METHODOLOGY TO
INCREASE THE VALUE
OF INFORMATION
TECHNOLOGY*

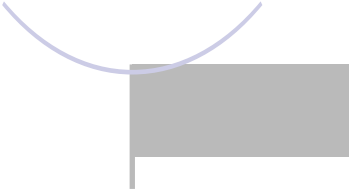
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IT Does Matter



As Information Technology has entered the new century, many executives and academics have asked the question: “Does IT Matter?” The resounding truth is, despite many disappointments experienced by organizations of all sizes, the effective use of technology does matter. Information is not just a luxury, but an imperative to competing and managing today’s complex company. It simply must be done better, faster, and cheaper.

Why IT DOES Matter to Your Corporation

In *The Harvard Business Review* in May of 2003, Nicholas Carr asked “Does IT Matter?” While provocative, the article likens corporate computing to electrical generation or the steam engine: necessary to the corporation, but insufficient to be considered anything but a utility function.

From a contrary perspective, consider the recent economic recovery, and the political flap over the lack of or lagging job creation that has accompanied it. In past recoveries, job creation has been a leading indicator of restored economic vitality. Where were the jobs as corporate profits returned?

Consider that as a direct result of the intense, sometimes profligate IT spending on new technologies and applications (e.g. ERP) and then investments in warding off Year 2000 disasters, great corporate efficiencies were achieved during the decade of the 1990’s. Much of this spending fueled the huge “technology industry bubble” and created a sort of spending frenzy as corporations competed for the latest technologies and human resources that became scarce through incredible demand.

However you may remember the period, the delivered results were also incredible, with January 2000 arriving with nary a whimper. Inside the corporation though, greater than 90% of the resulting improvements in corporate effectiveness realized through the adoption and implementation of new technologies displaced white collar workers to other corporate functions and did not eliminate their jobs, while corporate revenues and profits rose on the tide of a booming economy. The subsequent economic turn down of 2000– 2001, forced the actions that should have been taken as new technologies were implemented: all unneeded white collar jobs were eliminated. The improvements in productivity during the ‘90’s for blue collar labor were substantial at roughly 47%, while white collar productivity over the same period increase by a remarkable average of 900%.

The reason for a jobless recovery is directly attributable to this increase: new jobs have not been created, even as the economic activity has greatly increased, because new jobs were not needed to support increased levels of growth and revenue. The technology investments are now paying off.

INFORMATION TECHNOLOGY IS THE CORPORATE LIFELINE

A company's ability to achieve its business goals is tied increasingly to the speed and capabilities of its Information Technology organization. The trend to Outsource, and in some cases Off Shore elements of, if not the entire IT function, is a direct reflection of one of two key corporate realities: 1.) The IT function has not performed on the same par with other key corporate functions in achieving internal productivity and effectiveness, or, 2.) The IT function is not considered a competitive core-competency.

Since eliminating the corporate dependencies on information, communication, and computing is not an option, management obligations mandate fixing the internal organization or turning it over to an outside service provider able to achieve the desired levels of productivity and effectiveness.

The purpose of this document is to explore the reasons the IT function has fallen out of favor, and to discuss alternatives for the executive team to consider regarding IT Strategies, IT Organizational Effectiveness, and Governance.

B.D. Shoger & Associates LLC provides senior advisory services to executive management and boards of directors wishing to increase and improve the return on their Information Technology investments. We represent a highly experienced group of professionals that can bring the right mix of industry and technology experience to assess and assist the corporation in achieving its IT improvement goals.

Consider our Advisory Services if you are:

- *Under pressure to reduce IT costs while improving service levels*
- *Preparing for major network, data center, or systems projects*
- *Undergoing organizational or senior management change*
- *Concerned about systems and network security*
- *Facing Compliance Initiatives under Sarbanes-Oxley Act Sections 302 and 404*

“Increased scrutiny of IT investments and the ever-growing need to perform for investors dictate contributions to the bottom line for any significant investments in IT. The emphasis from a buyer’s perspective will be on selecting vendors that can provide vision but deliver results (based on ROI) on a project-by-project basis.” – Gartner

INFORMATION TECHNOLOGY GOVERNANCE

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SERVICES OVERVIEW

Information Technology Governance issues lie at the core of many of the reasons corporations have experienced frustrations with their IT Function.

Misalignment in reporting, ill-defined roles and responsibilities, ineffective communication methods, and negligent oversight and funding represent real world reasons for disappointing returns on Information Technology investments.

Many corporations have decided to outsource the IT Function as a way of relieving these frustrations. In reality, simply outsourcing the IT Function does not remedy the problem. In fact having an interested third-party provider may make the problems more evident.

Executives from companies of all sizes have learned that getting the greatest return on invested capital is just as dependent upon proper alignment, oversight, and governance as it is on actual performance execution. The spotlight does on waiver from those in the IT Function, regardless of whether they are employees or vendors.

If your company has experienced difficulties in the past with achieving success delivering IT initiatives, consider hiring an independent set of experts to review, approve and monitor the Governance aspects of your IT Function.

The result of such a review will be an itemized assessment of your IT Function, a gap analysis comparing the capabilities of your IT Function against industry best practices, and a prioritized set of actionable items to remedy deficiencies.

B.D. Shoger & Associates provides Independent Advisory Services to Executives and Boards of Directors.

Having access to knowledgeable, experienced, and qualified advisors has always been a corporate advantage. Even more so in the post Enron period of The Sarbanes-Oxley Act of 2002.

Today's complicated corporate structure requires proper alignment of the IT function for proper oversight and funding. Compliance with SOX Section 302 and Section 404 requirements is an imperative. High confidence that IT objectives are correctly aligned with corporate strategy and goals is essential to delivering IT effectiveness, and therefore, shareholder value.

A network of senior independent advisors can provide both assurance and advice that investments in technology, post merger integration, and the effective and appropriate use of systems and data, will yield the greatest returns.

Whether your corporate needs are simple or complex, whether you face incremental improvement objectives or have a crisis at hand, the use of one or more Independent IT Advisors through B. D. Shoger and Associates can help you meet and exceed the expectations of you management and shareholders.

STRATEGIC INFORMATION TECHNOLOGY PLANNING

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SERVICES OVERVIEW

No capable Executive Management Team would operate a corporation without a Strategic Plan tailored to Markets, Industries, and Objectives of the company.

Yet time and time again executives from all business disciplines ignore the necessity of creating, executing, and keeping current, a viable Information Technology Strategic Plan.

One common criticism of technology in general is that it is constantly changing. Given all the popular parallels in the business world, the most effective way of dealing with constant change is to have in place a Strategic Plan that clearly states the objectives and goals, anticipates the problems and events that might be encountered, and clearly states the corrective action or response that should be undertaken if and when such events and problems occur. The need is no less great for the Information Technology Function.

The most important aspect of creating an effective and reasonable IT Strategic Plan is proper alignment with and support for the Corporate Strategic Plan.

The greatest challenge to creating an effective and reasonable IT Strategic Plan is taking the time and committing the effort to doing it. Experience has proven this is the case because so few in the IT profession have actually participated in such a plan, let alone led such an effort.

Seek out professional assistance, accept their advice, and work to create an IT Function that is capable of executing against the Plan. Then the corporation will begin to see the value that technology can bring.

B.D. Shoger & Associates brings years of Information Technology Consulting and practical industry experience. When appropriate methods and procedures are followed, they provide assurances of success in creating, communicating, executing, and monitoring an IT Strategic Plan.

The time, effort, and cost of creating a relevant IT Plan for the corporation will be readily offset by the benefits and value which will accrue to the company.

The keys to creating a relevant plan are:

- Establishing a coherent objective for the plan, stating the metrics and measures against which the IT Function will be measured.
- Performing a critical Assessment of the capabilities of the IT Function.
- Collecting and consolidating all data of relevance about the IT Function.
- Performing a Critical analysis of the current state versus the desired state.
- Establishing a Strategic Vision for Systems, Applications, Technology, End User Support, and Operations.
- Re-establishing critical lines of Governance within the corporation and Authority within the IT Function.
- Establishing a practical, executable Tactical Systems Plan, which can be taken to the Governance Steering Committee for approval and funding.

The staff of Senior Advisors at B. D. Shoger and Associates can lead your organization through every stage of the process. They can ensure both the successful completion of the Plan and the ongoing success in executing it.

INFORMATION TECHNOLOGY ORGANIZATIONAL EFFECTIVENESS

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SERVICES OVERVIEW

Information Technology Organizational Effectiveness has long been ignored. The industry-wide reputation for being ‘the group that everyone loves to hate’ has been caused by ever escalating costs (e.g. salaries), poor communication, incompetent program and project management, failures to properly secure data and information, and complicated architectures supported by more-complicated technologies whose hallmarks are jargon.

In the 21st century, such behaviors are not just to be criticized, they are unacceptable. The corporation must hold the IT Function to the same levels of resource consumption, productivity, effectiveness, and ROI as other critical corporate functions.

Organizational Effectiveness must start with metrics and measures. As the old adage states: “Anything worth doing is worth measuring.” An appropriate corollary would be: “Anything worth measuring must show continuous improvement.”

Corporate efforts with Six Sigma, Lean Manufacturing, Quality Black Belts, etc., should appropriately be extended to the IT Function. Improvements along with performance assessments should take place on an annual basis, and bonus and reward structures should be tied to improvements, increases in productivity, and overall function accomplishments.

B.D. Shoger & Associates offers an array of services that focus on specific aspects of improving the organizational effectiveness of the enterprise Information Technology Function.

Whether your organization is expanding or merging, streamlining, looking to cut costs, or launching new initiatives and applications, our experienced professionals leverage B.D. Shoger & Associates’ methodologies and leading practices to help swiftly align your information technology strategies with your corporate strategies and business goals.

We focus on each of the key elements of the IT Strategic Plan: Applications, Systems Development, Infrastructure Technologies, Data Center Operations, Disaster Recovery and Back Up, Security, Human Resource Planning, and Metrics and Measures to be used in a Balanced Scorecard report of continuous improvement.

Improving the effectiveness of the IT Organization is almost never a one-time effort. The secondary goal of such an effort must be the establishment of an organizational culture that is firmly planted in continuous improvement. When the organizational improvement, IT Strategic Planning, and IT Governance efforts are tied together, the true and sustaining value of the Information Technology Function will be realized.

There are many service and solution offerings that B. D. Shoger and Associates can provide to assist Executive Management and Board Members in achieving increased and improved returns on the corporate Information Technology investment.

In the following section, details are provided for these specific offerings:

- **Tuning Infrastructure for Maximum Effectiveness**
- **IT Efficiency and Cost Savings**
- **Implementing Progressive IT Solutions**
- **IT Process Improvement**

In addition to these offerings, a broad array of advisory services can be provided. Drawing on the experience and capabilities of a broad network of Associates, individuals with industry-specific, application-specific, situation-specific expertise can be quickly identified and made available. These advisors will provide services as simple as a wellness-check or provide a critical assessment for a major initiative or program, or can provide ongoing advice and counsel in any of the areas of need within the Information Technology Function.

Contact a representative today to learn how an effective engagement can be structured to deliver immediate and practical results.

THE BENEFITS OF WORKING WITH US ARE CLEAR

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MANAGEMENT ADVISORY SERVICES

WHY B.D. SHOGER AND ASSOCIATES?

B.D. Shoger & Associates has the experience and resources—combined with an end-to-end solution approach—that your company needs to meet its infrastructure challenges. Our management advisory services can help your company expand business capabilities, reduce complexity and ensure system availability. We build enduring relationships with our clients by helping them create new business models and innovative solutions, enabling organizations to leverage technology for stronger return on investment and enhanced service to their customers, vendors and employees.

From systems strategy to implementation, we combine our industry knowledge with technology expertise to deliver results-focused solutions quickly.

For More Information

If you would like to learn more about how we can help your organization, please contact us at: 952-475-6320 or visit our Web site at www.bdshoger.com.



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